



GRAIN TRANSPORTATION REPORT

Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

NOVEMBER 5, 2002

| TM GRAIN TRANSPORT COST INDICATORS | Truck | Rail | Barge | Ocean | |
|--|-------|------|-------|-----------|-----|
| | | | | Gulf | PNW |
| Indicator Value * for 11/05 | 97 | | 121 | 112 | 102 |
| Compared to Last Week | down | | up | unchanged | up |
| * Indicator: Base Year 2000=100; Cost Data, Weekly Updates include Truck=Diesel, Rail=Nearby Secondary Rail Market; Barge=Spot Illinois River Basis; Quarterly Updates for Ocean Vessel based on Routes to Japan | | | | | |

Possible Breakthrough in West Coast Talks. The International Longshoremen and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) have reached a tentative agreement on a framework for the introduction of new technology for cargo handling at West Coast ports. This agreement comes one week after the PMA filed a complaint with the Justice Department accusing the ILWU of slowing down cargo handling and after President Bush used the Taft-Hartley Act on October 9, prohibiting lockouts and job actions. Twenty-nine West Coast ports were closed by a 10-day lockout, causing severe cargo congestion and traffic jams for vessels called to affected ports. Lockouts ended and ILWU workers resumed contract talks with the PMA after the intervention by President Bush. The Justice Department is reviewing the materials provided by the ILWU and the PMA with the goal of ensuring compliance with the court's injunction.

The core issue before the ILWU and the PMA in their most recent contract negotiations is the introduction of new technology to automate and speed up the flow of cargo through West Coast ports and the elimination of some union jobs. The most recent contract between the ILWU and the PMA expired on July 1, and the negotiation for a new contract, which began on May 3, had not been successful prior to the management lockout. (*Journal of Commerce*, 11/4, Hooshang.Fazel@usda.gov)

Federal Maritime Commission Says No To West Coast Rate Hikes. The Federal Maritime Commission warned carriers against shipping rate increases for cargoes already received at West Coast ports. Some carriers have tried to raise shipping rates, blaming backlogs at West Coast ports for the increase in cost of moving containers. This action by carriers caused shippers to complain about carriers using the labor dispute in the West Coast for justification of higher rates.

The International Longshoreman and Warehouse Union (ILWU) denies the allegations by the Pacific Maritime Association (PMA) that its action slowed down cargo handling, causing the West Coast backlogs.

For now, the Justice Department is reviewing the materials provided by ILWU and the PMA with the goal of ensuring compliance with the court's injunction. (*Journal of Commerce*, 11/4, Hooshang.Fazel@usda.gov)

USDA Grain Transportation Prospects Released. The Transportation Services Branch recently posted the October 2002 issue of *Grain Transportation Prospects* on its website. In addition to discussing the availability of each transportation mode, this issue discusses the impacts of the West Coast port closures upon agriculture and expected changes in transportation demand and patterns because of the 2002 drought. The publication is available at http://www.ams.usda.gov/tmd/mta/mta_special_reports.htm.

Increased Grain Movement In The PNW. According to recent reports, grain movement on the Columbia and Willamette Rivers in the Pacific Northwest (PNW) is very active. With the harvest of corn and soybeans in the Midwest well underway and the easing of the labor dispute on the West Coast, grain loaded for export in the Portland area is expected to increase even more.

Portland, one of the top U.S. ports for exporting grain, is a major recipient of grain coming from the PNW and the Midwest. Last week, year-to-date shipments of soybeans (2.2 million metric tons) inspected for export in the PNW were up 7 percent from last year at this time, despite drought conditions throughout Oregon. Also, wheat shipments in the PNW, at 271,000 metric tons, increased last week by 4 percent over the previous week. (*Portland Tribune* 11/01, Johnny.Hill@usda.gov)

Report is prepared by Deen Olowolayemo, Johnny Hill and Hooshang Fazel, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Support provided by Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm or contact Surajudeen.Olowolayemo@usda.gov

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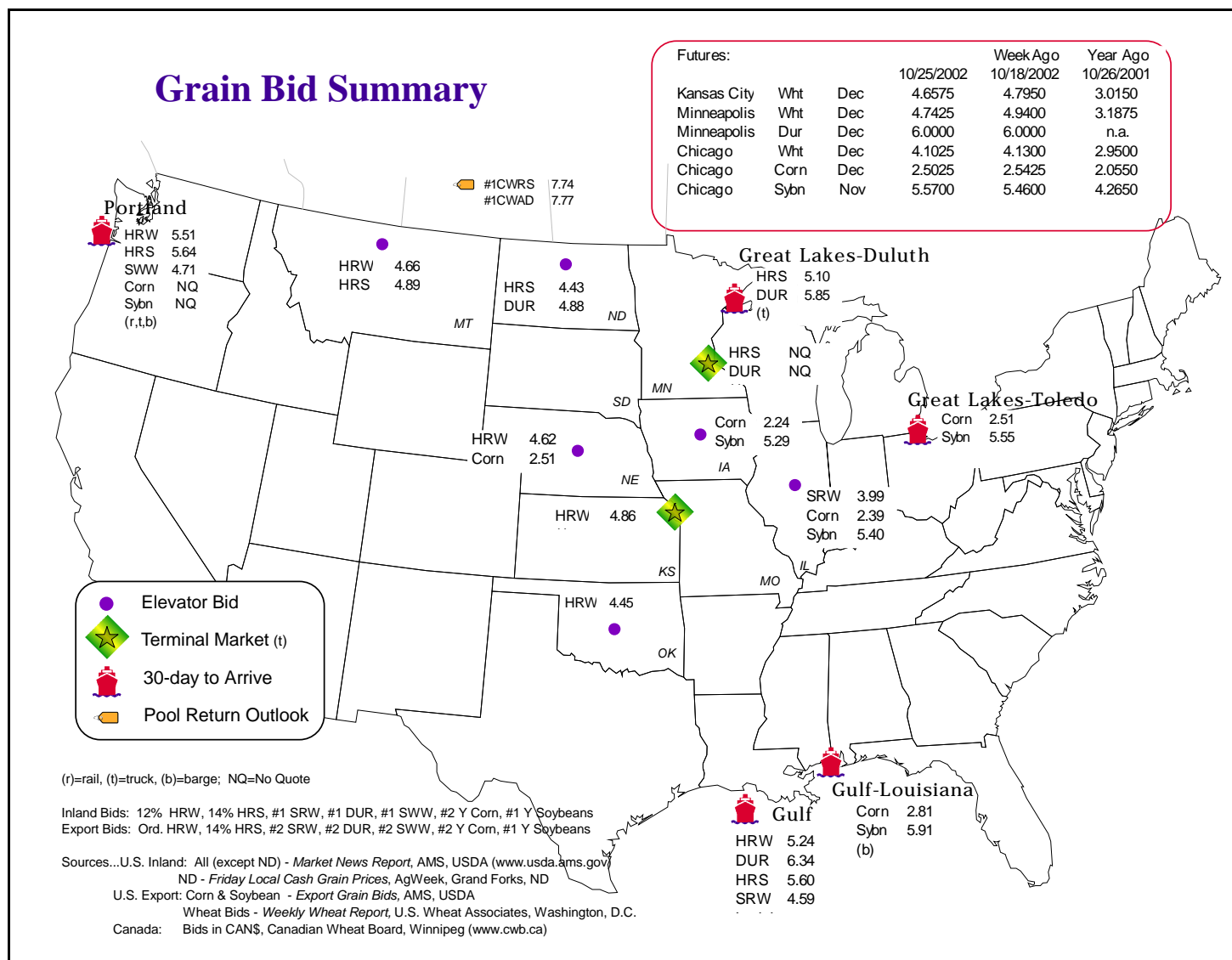
The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision making and longer-term strategic planning for an effective and efficient U.S. grain logistics system.

Market Update: U.S. Origins to Export Position Price Spreads

Per Bushel

| Commodity | Origin--Destination | This week | Last week |
|-----------|---------------------|-----------|-----------|
| Corn | IL -- Gulf | -0.42 | -0.36 |
| Corn | NE -- Gulf | -0.30 | -0.26 |
| Soybean | IA -- Gulf | -0.62 | -0.61 |
| HRW | KS -- Gulf | -0.38 | -0.41 |
| HRS | ND -- Portland | -1.21 | -1.20 |

The **Grain Bid Summary** illustrates the market relationships for corn, soybeans, and five varieties of wheat among selected origins and destinations. Positive and negative adjustments in the differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used to monitor market and time differentials.



RAIL TRANSPORTATION

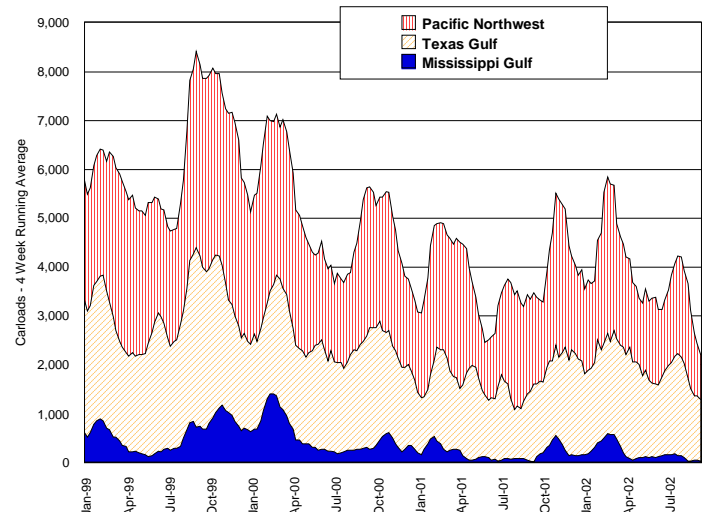
Rail Deliveries to Port

Carloads

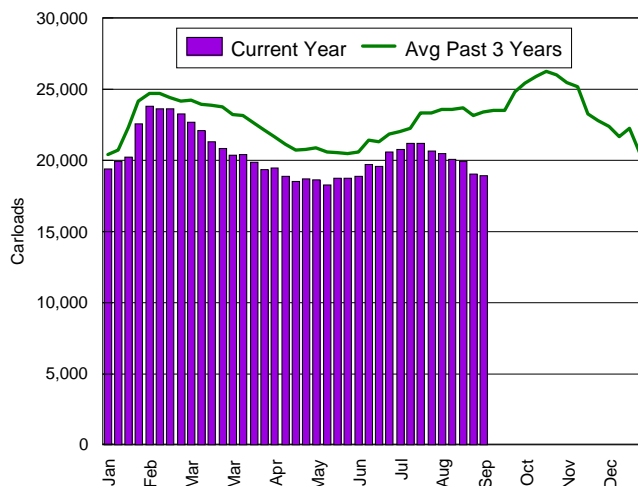
| | Mississippi Gulf* | Texas Gulf | Pacific Northwest | Atlantic & East Gulf | Total |
|----------------|-------------------|------------|-------------------|----------------------|---------|
| Week Ending: | | | | | |
| 10/16/02 | 910 | 976 | 4,271 | 680 | 1,590 |
| 10/23/02 | 189 | 1,322 | 3,553 | 739 | 928 |
| YTD 2002 | 9,623 | 72,735 | 84,301 | 17,280 | 26,903 |
| YTD 2001 | 8,349 | 64,026 | 90,906 | 20,691 | 29,040 |
| % of Last Year | 115% | 114% | 93% | 84% | 93% |
| Total 2001 | 10,022 | 81,804 | 111,376 | 26,604 | 229,806 |
| Total 2000 | 25,767 | 104,473 | 128,414 | 14,816 | 273,470 |

Source: Transportation & Marketing/AMS/USDA; (*) Incomplete Data

Rail Deliveries to Port



Grain Car Loadings for Class I Railroads



Railroads originate approximately 40% of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.

Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated and Grain Service Index

| | East | | West | | | U.S. Total | Canada | |
|---------------------|---------|---------|---------|--------|---------|------------|---------|---------|
| | CSXT | NS | BNSF | KCS | UP | | CN | CP |
| 10/26/02 | 3,309 | 4,274 | 9,535 | 621 | 7,119 | 24,858 | 3,772 | 5,242 |
| This Week Last Year | 3,442 | 3,851 | 9,909 | 825 | 6,975 | 24,177 | 5,001 | 4,531 |
| 2002 YTD | 116,516 | 134,822 | 324,672 | 22,656 | 283,464 | 1,882,130 | 165,038 | 162,618 |
| 2001 YTD | 125,066 | 131,931 | 350,937 | 20,906 | 287,914 | 916,754 | 210,158 | 192,112 |
| 2001 Total | 151,864 | 163,018 | 428,603 | 26,330 | 347,156 | 1,116,971 | 254,982 | 232,461 |
| 2000 Total | 147,708 | 153,905 | 425,849 | 26,515 | 364,785 | 1,118,762 | 160,749 | 239,670 |

| | | | | | | |
|--------|------|------|-------|-------|------|------|
| Dec-01 | 95.5 | 93.1 | 100.9 | 101.0 | 98.0 | 97.5 |
|--------|------|------|-------|-------|------|------|

Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online for Rail Carrier

Rail service may be ordered directly from the railroad via **Auction** for guaranteed service or tariff for non-guaranteed service, or through the secondary market. The **Secondary Rail Market** information reflects trade values for service that was originally purchased from the railroad carrier as some form of guaranteed freight. The auction and secondary rail values are indicators of rail service quality and demand/supply.

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

| Delivery for: | Sep-02 | Oct-02 | Nov-02 |
|---------------|--------|--------|----------|
| COT/N. Grain | no bid | no bid | no bid |
| COT/S. Grain | no bid | no bid | \$0 |
| GCAS/Region 2 | no bid | no bid | no offer |
| GCAS/Region 4 | no bid | no bid | no offer |

Source: Transportation & Marketing/AMS/USDA.

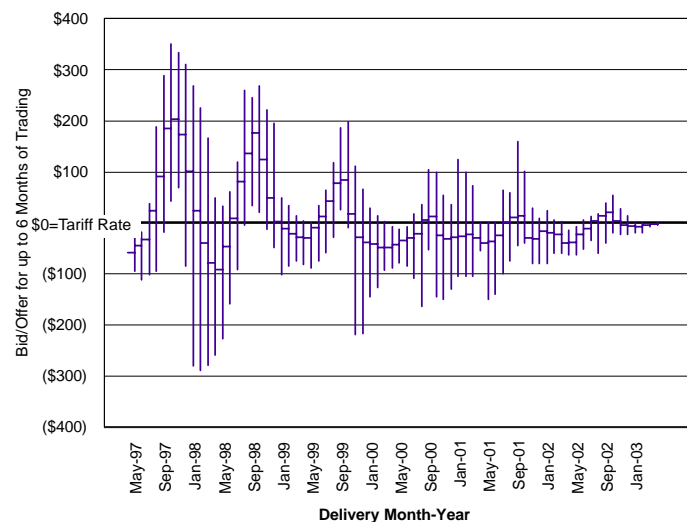
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

| | Delivery Period | | | |
|---------|-----------------|--------|--------|--------|
| | Aug-02 | Sep-02 | Oct-02 | Nov-02 |
| BNSF-GF | \$(5) | \$0 | \$(2) | \$(3) |
| UP-Pool | \$(55) | \$(35) | \$(5) | \$(10) |

Secondary Rail Market Bid



Tariff Rail Rates for Unit Train Shipments

November 2002

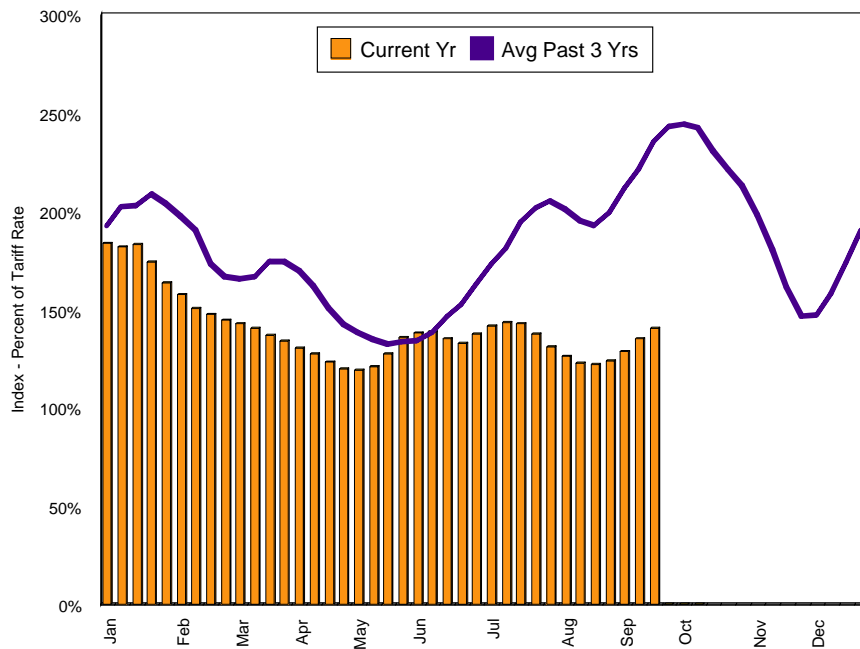
| Date Effective | Tariff Item | Commodity | Origin | Destination | Rate Per Car | Rate Per MT | Rate/Per Bushel* |
|----------------|-------------|-----------|-----------------|--------------|--------------|-------------|------------------|
| 11/04/02 | 45560 | Wheat | Minneapolis, MN | Houston, TX | \$2,050 | \$22.60 | \$0.62 |
| 11/04/02 | 43521 | Wheat | Minneapolis, MN | Portland, OR | \$3,877 | \$42.74 | \$1.16 |
| 11/04/02 | 46540 | Wheat | Kansas City, MO | Houston, TX | \$1,650 | \$18.19 | \$0.50 |
| 11/04/02 | 43586 | Wheat | Kansas City, MO | Portland, OR | \$4,347 | \$47.92 | \$1.30 |
| 11/04/02 | 43581 | Wheat | Omaha, NE | Portland, OR | \$4,005 | \$44.15 | \$1.20 |
| 11/04/02 | 31005 | Corn | Minneapolis, MN | Portland, OR | \$3,050 | \$33.62 | \$0.85 |
| 11/04/02 | 31035 | Corn | Kansas City, MO | Portland, OR | \$2,700 | \$29.76 | \$0.76 |
| 11/04/02 | 31005 | Corn | Omaha, NE | Portland, OR | \$2,850 | \$31.42 | \$0.80 |
| 11/04/02 | 61110 | Soybean | Minneapolis, MN | Portland, OR | \$3,030 | \$33.40 | \$0.91 |
| 11/04/02 | 61110 | Soybean | Omaha, NE | Portland, OR | \$2,780 | \$30.64 | \$0.83 |

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

BARGE TRANSPORTATION

Illinois River Barge Rate Index - Rate Quotes



The **Illinois River Barge Rate Index** averaged 183% of the Benchmark Tariff Rate between 1999 and 2001, based on weekly market quotes. The **Index**, along with **Rate Quotes** and **Futures Market** bids are indicators of grain transport supply and demand.

Calculating barge rate per ton:
 $\text{Index} \times 1976 \text{ Tariff Benchmark Rate per Ton}$

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map below.

BARGE RATE QUOTES: Southbound Barge Freight

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

| | 10/30/02 | 10/23/02 | Nov '02 | Jan '03 |
|-----------------|----------|----------|---------|---------|
| Twin Cities | 264 | 223 | 299 | 0 |
| Mid-Mississippi | 240 | 225 | 207 | 0 |
| Illinois River | 209 | 209 | 182 | 178 |
| St. Louis | 218 | 170 | 160 | 123 |
| Lower Ohio | 205 | 195 | 172 | 127 |
| Cairo-Memphis | 204 | 196 | 152 | 117 |

Source: Transportation & Marketing /AMS/USDA; nq=no quote

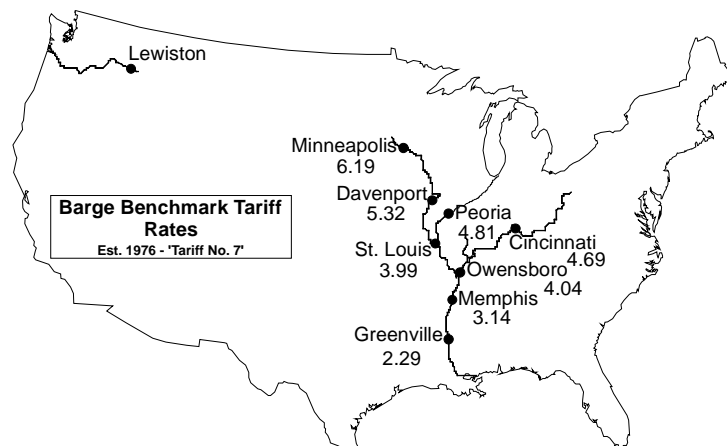
BARGE FUTURES MARKET

Southbound Barge Freight Nominal/Cash Basis Values

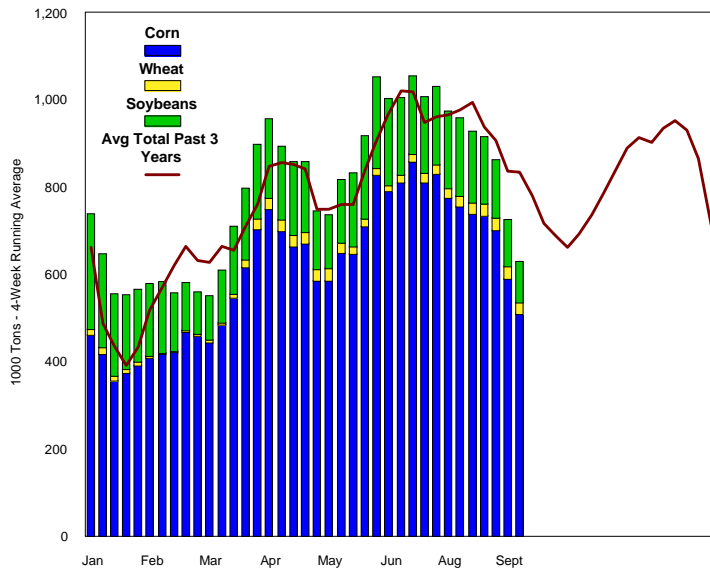
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

| Week ended | River/Region | Contract Period | Rate | |
|------------|----------------|-----------------|---------|------|
| | | | Futures | Cash |
| 11/05/02 | St. Louis | Sept | n/a | n/a |
| | | Nov | n/a | 180 |
| | | Jan | n/a | 123 |
| | | Mar | n/a | 123 |
| | | May | n/a | 123 |
| | Illinois River | Sept | n/a | n/a |
| | | Nov | n/a | 220 |
| | | Jan | n/a | 180 |
| | | Mar | n/a | 155 |
| | | May | n/a | 143 |

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



Barge Grain Movements

for week ending 10/26/02

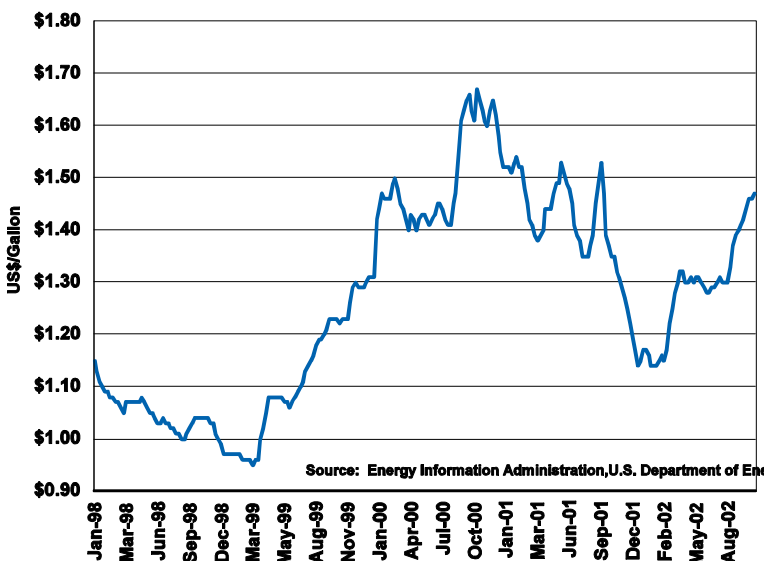
| | Corn | Wht | Sybn | Total |
|------------------------|------------|-------|--------|--------|
| | 1,000 Tons | | | |
| Mississippi River | | | | |
| Rock Island, IL (L15) | 147 | 3 | 281 | 437 |
| Winfield, MO (L25) | 240 | 12 | 326 | 578 |
| Alton, IL (L26) | 431 | 17 | 463 | 925 |
| Granite City, IL (L27) | 437 | 17 | 463 | 917 |
| Illinois River (L8) | 131 | 3 | 62 | 210 |
| Ohio River (L52) | 18 | 2 | 23 | 60 |
| Arkansas River (L1) | 0 | 23 | 23 | 46 |
| 2002 YTD | 28,061 | 2,231 | 8,862 | 40,466 |
| 2001 YTD | 26,055 | 2,280 | 7,404 | 37,333 |
| % of Last Year | 108% | 98% | 120% | 108% |
| Total 2001 | 31,878 | 2,679 | 10,616 | 47,091 |

YTD and Calendar year total includes Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers.

TRUCK TRANSPORTATION

Weekly U.S. Retail Road Diesel Price, Including Taxes



The weekly **Diesel Price** provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for truck grain movements, accounting for 37% of the estimated variable cost.

Crude Oil Price is an indicator in future diesel price trends.

Crude Oil Prices

| US\$ per Barrel | This Week | Last Week | Average 2001* |
|---------------------------|-----------|-----------|---------------|
| Light Sweet Crude (NYMEX) | 28.51 | 28.34 | 22.96 |
| Brent Crude | 26.76 | 26.26 | |

Source: www.eia.doe.gov; *U.S. Refiner Crude Acquisition Cost, Composite Domestic & Import

Note: Light Sweet Crude is exchanged on the New York Mercantile Exchange. North Sea oil has a "benchmark" role in crude oil pricing. Brent crude, a blend of North Sea oils, is traded on the International Petroleum Exchange in London

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|----------------------|
| GRAIN EXPORTS |
|----------------------|

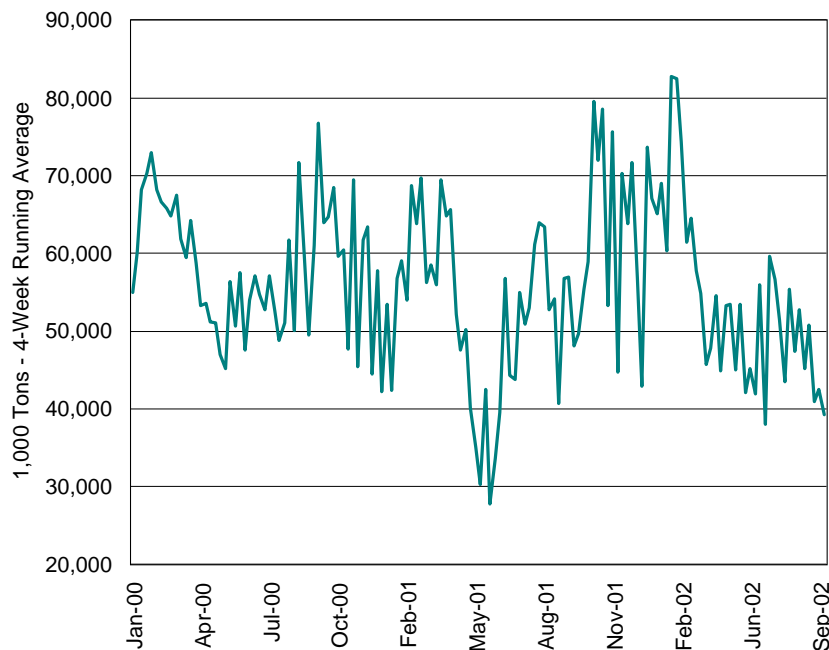
U.S. Export Balances (1,000 Metric Tons)

| | <i>HRW</i> | <i>SRW</i> | <i>HRS</i> | <i>Wheat SWW</i> | <i>DUR</i> | <i>All</i> | <i>Corn</i> | <i>Soybean</i> | <i>Total</i> |
|------------------------------|------------|------------|------------|----------------------|------------|------------|-------------|----------------|--------------|
| Unshipped Export Balances | | | | | | | | | |
| 10/24/02 | 1,650 | 696 | 1,582 | 778 | 169 | 4,773 | 7,149 | 8,434 | 20,356 |
| This Week Year Ago | 1,386 | 1,023 | 1,060 | 565 | 214 | 4,248 | 6,788 | 8,491 | 19,527 |
| Cumulative Exports-Crop Year | | | | | | | | | |
| 01/02 YTD | 3,471 | 1,173 | 2,858 | 1,474 | 386 | 9,361 | 5,275 | 3,088 | 17,724 |
| 00/01 YTD | 3,350 | 2,313 | 2,143 | 1,332 | 569 | 9,707 | 6,909 | 17,713 | 34,329 |
| 99/00 Total | 9,858 | 4,710 | 6,305 | 5,413 | 1,232 | 27,518 | 37,220 | 24,516 | 89,254 |
| 98/99 Total | 7,387 | 3,645 | 7,864 | 6,105 | 963 | 25,965 | 44,476 | 24,501 | 94,942 |
| 97/98 Total | 9,867 | 6,792 | 8,918 | 6,443 | 897 | 32,918 | 55,769 | 23,550 | 112,237 |

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

| | <u>Pacific Region</u> | | | <u>Mississippi Gulf</u> | | | <u>Texas Gulf</u> | | | <u>Port Region Total</u> | | |
|----------------|-----------------------|-------------|--------------|-------------------------|-------------|--------------|-------------------|-------------|--------------|--------------------------|--------------------|--------------|
| | <i>Wheat</i> | <i>Corn</i> | <i>Soybn</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybn</i> | <i>Wheat</i> | <i>Corn</i> | <i>Soybn</i> | <i>Pacific</i> | <i>Mississippi</i> | <i>Texas</i> |
| 10/31/02 | 271 | 0 | 234 | 104 | 483 | 719 | 120 | 0 | 0 | 505 | 1,306 | 120 |
| 2002 YTD | 7,455 | 3,032 | 2,248 | 4,648 | 31,040 | 13,170 | 5,055 | 259 | 907 | 12,734 | 48,859 | 6,221 |
| 2001 YTD | 8,197 | 4,459 | 2,116 | 5,168 | 29,628 | 12,447 | 4,804 | 253 | 1,332 | 14,772 | 47,243 | 6,389 |
| % of Last Year | 75% | 50% | 131% | 69% | 88% | 73% | 73% | 55% | 90% | 72% | 81% | 74% |
| 2001 Total | 10,007 | 5,877 | 1,647 | 6,829 | 34,991 | 17,996 | 6,984 | 470 | 1,008 | 17,530 | 59,816 | 8,462 |

Source: Federal Grain Inspection Service YTD-Year-to-Date

U.S. Grain Inspected for Export**Select Canadian Port Export Inspections**

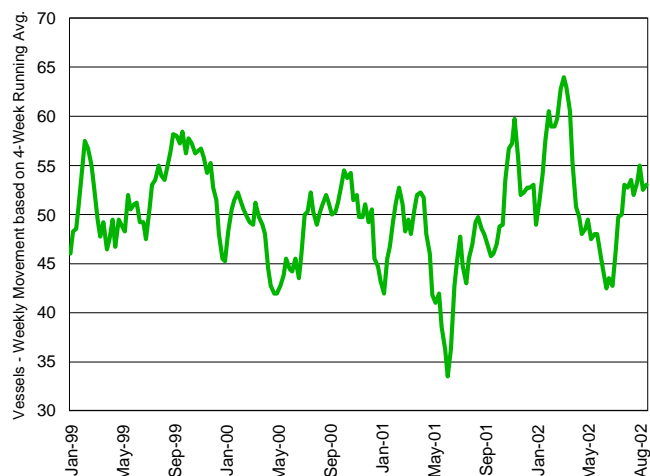
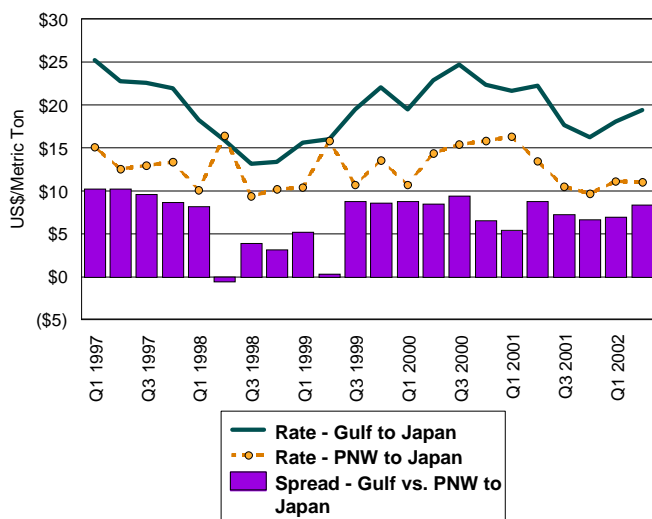
1,000 Metric Tons, Week End Summary

| | <u>Wheat</u> | <u>Durum</u> | <u>Barley</u> |
|----------------|--------------|--------------|---------------|
| 10/17/02 | | | |
| Vancouver | 318 | 21 | 3 |
| Prince Rupert | 366 | 18 | |
| Prairie Direct | 102 | 58 | 52 |
| Thunder Bay | 141 | 94 | 33 |
| St. Lawrence | 1,659 | 305 | 42 |
| 2001/02 YTD | 2,586 | 496 | 130 |
| 2002/03 YTD | 1,310 | 731 | 88 |
| % of Last Year | 197% | 68% | 148% |

Source: Canadian Grains Commission, Crop Year 8/1- 7/31

Port Region Ocean Grain Vessels

| | | Gulf | | Pacific Northwest | Vancouver B.C. |
|------------|----------|---------------|------------------|-------------------|----------------|
| | In Port | Loaded 7-Days | Due Next 10-Days | In Port | In Port |
| 10/24/02 | 46 | 53 | 71 | 14 | 2 |
| 10/31/02 | 43 | 58 | 75 | 12 | 1 |
| 2001 Range | (13..65) | (28..64) | (46..81) | (1..18) | (4..20) |
| 2001 Avg | 36 | 48 | 63 | 9 | 12 |

**Gulf Port Region Grain Vessel Loading
Past 7 Days****Grain Vessel Rates to Japan****Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton

| | 2002 3 rd Qtr | 2001 3 rd Qtr | % Change | | 2002 3 rd Qtr | 2001 3 rd Qtr | % Change |
|----------------|-----------------------------|-----------------------------|-------------|----------------------|-----------------------------|-----------------------------|-------------|
| Gulf to | | | | Pacific NW to | | | |
| Japan | \$19.54 | \$17.69 | 9% | Japan | \$11.57 | \$11.46 | 10% |
| Mexico | \$7.14 | - | - | | | | |
| Venezuela | - | \$13.45 | - | | | | |
| N. Europe | - | \$12.06 | - | | | | |
| N. Africa | \$31.64 | \$18.21 | 42% | Argentina to | | | |
| Med. Sea | \$11.92 | \$12.05 | -1% | Med. Sea | \$19.93 | - | - |
| Black Sea | - | - | - | N. Europe | - | \$16.22 | - |
| | | | | Japan | - | \$29.40 | - |

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates for Select Shipments - week ending 11/02/02

| Export Region | Import Region | Grain | Month | Volume Loaded (Tons) | Freight Rate (\$/Ton) |
|---------------|---------------|-------------|---------------|----------------------|-----------------------|
| U.S. Gulf | Haiti | Wheat | Oct 28/30 | 3,000 | \$44.48* |
| U.S. Gulf | Ukraine | Rice Bggd | Nov 21/Dec 20 | 6,500 | \$28.86* |
| U.S. Gulf | Namibia | Grains Bggd | Mar 10/15 | 5,500 | \$67.50* |
| U.S. Gulf | Japan | Heavy Grain | Nov 9/20 | 54,000 | \$24.25 |
| PNW | Taiwan | Heavy Grain | Nov11/18 | 56,000 | \$13.25 |

Source: Maritime Research Inc.; rates shown are for metric ton (2,204.62 lbs.=one metric ton), F.O.B., except where otherwise indicated; op=option

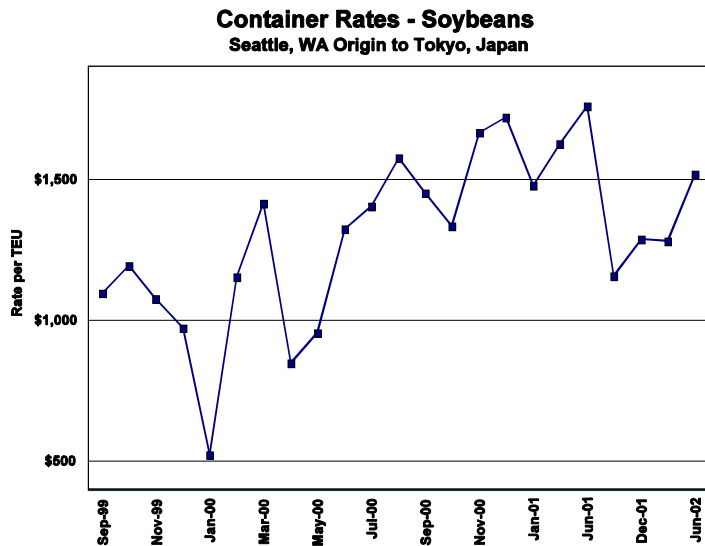
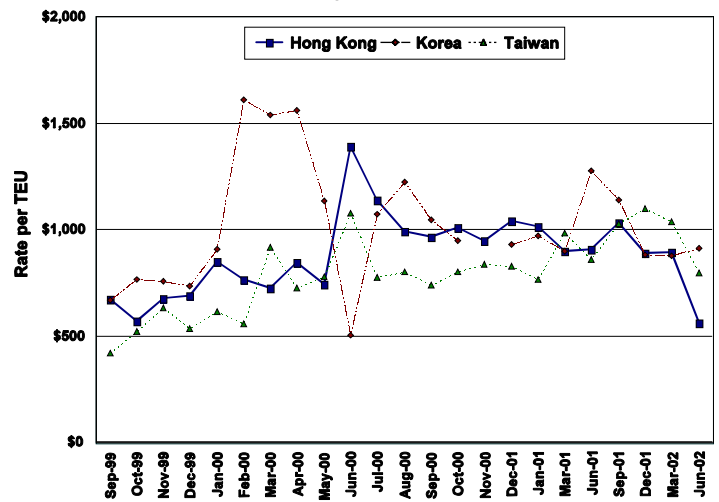
*The Jones Act requires shipments of food aid from the U.S. to be shipped on U.S. flag vessels. These vessels are of limited availability resulting in higher rates. In addition, destinations receiving food aid generally lack adequate port unloading facilities, requiring the vessel to remain in port for a longer duration than normal. Lastly, the loading and unloading of bagged commodities is generally more labor intensive than bulk shipments, which also contributes to the additional cost.

CONTAINER

Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA

**Container Rates - Feed Grain**
Seattle, WA Origin to Selected Destinations

Approximately 420,000 MT of grain and oilseed exports were marketed via container in 2001. This volume increased 26% compared to 1997.